

SECOND DAY
(Tuesday, June 5, 1984)

The Senate met at 9:30 o'clock a.m., pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Blake, Brown, Caperton, Doggett, Edwards, Farabee, Glasgow, Harris, Henderson, Howard, Jones, Kothmann, Leedom, Lyon, Mauzy, McFarland, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Sims, Traeger, Truan, Uribe, Vale, Washington, Whitmire, Williams.

Absent-excused: Brooks.

A quorum was announced present.

Monsignor Lonnie Reyes, Catholic Diocese of Austin, offered the invocation as follows:

God, our Protector and Law-giver, we humbly beseech Thy blessings on this day, upon our work and upon each one of us. Be with us today and guide our deliberations in this Chamber with Your spirit of wisdom, justice, brotherhood and love. Grant that in all that we do, it may be for Thy greater honor and glory and for the welfare of Thy people.

May Thy blessings of good health and happiness be with each one of us. Amen.

On motion of Senator Mauzy and by unanimous consent, the reading of the Journal of the proceedings of yesterday was dispensed with and the Journal was approved.

LEAVE OF ABSENCE

Senator Brooks was granted leave of absence for today on account of important business on motion of Senator Williams.

RESOLUTION SIGNED

The President announced the signing in the presence of the Senate the following enrolled resolution:

S.C.R. 1

**OATH OF OFFICE ADMINISTERED
TO PRESIDENT PRO TEMPORE**

The President administered the Oath of Office to Senator Lindon Williams, elected yesterday as President Pro Tempore of the Senate, Second Called Session, 68th Legislature.

HOUSE CONCURRENT RESOLUTION 5

The President laid before the Senate the following resolution:

H.C.R. 5, Welcoming the J. J. Pearce High School academic decathlon team.

The resolution was read.

On motion of Senator Harris and by unanimous consent, the resolution was considered immediately and was adopted.

SENATE RESOLUTION 19

Senator Henderson offered the following resolution:

WHEREAS, Since his arrival as a callow youth in the Texas Senate in 1967, June 5, Ike Harris's birthday, has been a day of special significance to Senate Members; and

WHEREAS, That he has attained another birthday today and remains a Member are accomplishments that are both worthy of amazed recognition by his fellows in the Senate; and

WHEREAS, During his most recent and rigorous campaign, Senator Harris survived the strain of barbs from his opposition with a combination of level-headed, rational response, blood pressure medication, and cold showers; and

WHEREAS, This Republican Senator and attorney from Dallas faces the challenges ahead braced with the qualified support of most of his constituency, the tolerance of his peers in the Senate, and the love and respect of his family; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 68th Legislature, 2nd Called Session, congratulate Senator Ike Harris on his birthday and extend best wishes to him for many more to come; and, be it further

RESOLVED, That a copy of this Resolution be prepared for him as a memento of this grand occasion and as an expression of the high esteem of the Members of the Texas Senate.

The resolution was read and was adopted.

On motion of Senator Mauzy and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

SENATE RESOLUTION 17

Senator Sims offered the following resolution:

WHEREAS, A most gratifying result of the aftermath of the Capitol fire has been the response of Texas citizens anxious to help restore and refurbish the Senate Chamber to its former grandeur; and

WHEREAS, Among the most generous of these Texas citizens are the members of Texas's mohair industry who donated the mohair for the Senate's splendid new carpet; and

WHEREAS, The individuals responsible for this munificent gift are Bob Johnson of Eldorado, Fred R. Campbell of Paint Rock, Lee Pfluger of San Angelo, Robert Allison of San Angelo, Jack Riggs of Dryden, Sid Harkins of Sanderson, Monty Harkins of Sanderson, Bob Childress of Mohair Industries, Inc., of San Angelo, Herman Moore of Brownwood, James Leo Greer, Jr., of Rocksprings, J. W. Adams of Evant, Dr. Joe David Ross of Sonora, Jeffrey Sutton of Ozona, Perry Bushong of Mountain Home, Lanny Leinweber of Mountain Home, Ranchman's Wool and Mohair of Ingram, D. L. Cloudt of Rocksprings, and Delton Sweatman of Ranchman's Wool and Mohair of Brownwood; and

WHEREAS, The bequest of the Texas mohair industry will continue to be appreciated by Capitol visitors in the years to come as they view the resplendent blue carpet adorned with oak and olive leaf clusters and the Star of Texas; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 68th Legislature, 2nd Called Session, hereby commend the generous donors of the Texas mohair industry to the Capitol restoration effort; and, be it further

RESOLVED, That copies of this Resolution be prepared for the members of the Texas mohair industry as an expression of deep gratitude and appreciation from the Texas Senate.

The resolution was read and was adopted.

ESCORT COMMITTEE APPOINTED

In accordance with the provisions of S.C.R. 1, the President announced the appointment of the following as a Committee to Escort Mr. H. Ross Perot, Chairman, Select Committee on Public Education, Comptroller Bob Bullock and Legislative Budget Board Director Jim Oliver to the Joint Session: Senators Farabee, Howard, Jones, Parker and Truan.

MOTION TO ADJOURN

On motion of Senator Mauzy, the Senate at 9:47 o'clock a.m. agreed to recess until 10:00 o'clock a.m. today to attend the Joint Session and at the conclusion of the Joint Session would stand adjourned until 9:30 o'clock a.m. tomorrow.

RECESS

On motion of Senator Mauzy, the Senate at 9:47 o'clock a.m. took recess until 10:00 o'clock a.m. today.

JOINT SESSION

(To hear address by Mr. H. Ross Perot, Chairman, Select Committee on Public Education, Comptroller Bob Bullock and Legislative Budget Board Director Jim Oliver)

Pursuant to the provisions of S.C.R. 1, the President announced that the hour for the Joint Session of the two Houses to hear addresses by Mr. H. Ross Perot, Chairman, Select Committee on Public Education, Comptroller Bob Bullock and Legislative Budget Board Director Jim Oliver.

Accordingly, the Senators present accompanied by the Secretary of the Senate and the Sergeant-at-Arms repaired to the Hall of the House of Representatives at 10:00 o'clock a.m. and were escorted to seats provided for them.

The President was announced by the Doorkeeper of the House and, by invitation of the Speaker of the House, occupied a seat on the Speaker's Rostrum.

Mr. Perot, Comptroller Bullock and Director Jim Oliver, accompanied by members of their parties, were announced by the Doorkeeper of the House, and were escorted to the Speaker's Rostrum by Senators Farabee, Howard, Jones, Parker and Truan on the part of the Senate and Representatives Blanton, Shaw, Tow, McWilliams and Kubiak on the part of the House of Representatives.

The President called the Senate to order and announced a quorum of the Senate present.

The Honorable Gib Lewis, Speaker of the House of Representatives, announced a quorum of the House present and stated the purpose of the Joint Session.

Speaker Lewis introduced Mr. H. Ross Perot, Chairman of the Select Committee on Public Education, who addressed the Joint Session as follows:

Thank you very much. I would like to first thank all of the members of the legislature for giving up a big part of your summer to reform the public schools of Texas for the benefit of the three million children in our state. So on their behalf let me simply say thank you for coming together this summer to consider reforming education.

Once before I had the opportunity to address a Joint Session in Austin. It was in 1970 when our men were being held prisoners of war. The men were dying from

poor treatment, brutality and neglect. We were mobilizing a campaign to cause the North Vietnamese to change the treatment of the prisoners.

I was asked to speak to a Joint Session. I asked the members of the Texas Legislature to organize groups of Texans and to go to the North Vietnamese embassies around the world and to urge them to treat our prisoners properly. At the time of that speech, one man had been in solitary confinement for forty-two months. He had not talked to another prisoner.

A few months after that Special Session, as a result of the pressure from the American people and indignation from all around the world, the North Vietnamese changed the treatment of the prisoners and these men were able to survive three more years until the end of the war.

I am taking your time to tell you this story because we have a newly-elected member of the House of Representatives who was that man; who had been a prisoner for forty-two months and who may well be alive today because of the actions of Texans and the members and the leadership of the Texas Legislature. He survived. He came home. He finished a distinguished Air Force career. He retired. He went into business. He just ran for the Texas Legislature and he won. Now, what a name. His name is Sam Houston, that ought to be a help on the ticket, shouldn't it? Sam Houston Johnson and the Lieutenant, excuse me, the Speaker of the House agreed to allow me to introduce Sam Johnson, a great American hero and a new Member, starting next January of the Texas Legislature. Sam, where are you? There he is right in back.

Sam is a living embodiment, Sam is a living embodiment of the title of a best-selling book, Tough Times Never Last, Tough People Do. Sam lasted, Sam endured. If you want to try to understand what it's like to spend nearly four years in solitary confinement, just go into a closet and close the door for an hour. And you'll understand the quality of this man and how fortunate we are to have him and people like you to serve the State of Texas.

Just about a year ago, in the Regular Session, one man stepped forward and proved that one person can still make a difference in our highly complex society. It's very fitting that this Joint Session be held in the House, because this is the Speaker's room. Speaker Gib Lewis drew a line and said, "We are not serving the children of Texas. We simply cannot put enough money into this educational system to make it work. We must reform our system of public education." And the House rallied behind his leadership and this was the whole beginning of the reform program. And I ask all of you to indulge me another personal privilege today, and I ask you to stand and recognize our Speaker for having the courage to step out and reform the schools of Texas.

It's been an interesting year. Our committee was an interesting group. Think if you will for a minute what it must have been like to be chairman of a committee that included the Governor of the State of Texas, the Lieutenant Governor, the Speaker, the Comptroller. You've all heard about the five hundred pound gorilla story, you know, where do you let it go? You let it go anywhere he wants to go. So with a group like this, and I'm just starting, with Senator Grant Jones, with Senator Carl Parker, with Representative Stan Schlueter, with Representative Bill Haley, Representative Frank Madla, and last but not least, a former member of this body, Tony Bonilla.

We had a great group, we went all over Texas. We listened carefully to the people who make our schools work. We particularly listened carefully to the front-line soldiers, the teachers. And out of this patterns developed, plans developed and we're here today to talk about reform.

Texas is a rich state because of oil and gas. We've had a large land mass, a small population and a lot of minerals. We're going through our minerals and using them up. Our population's growing by leaps and bounds. We can predict with certainty

that in 25 to 30 years, Texas can no longer ride on oil and gas. We must build a diversified industrial base and time is running out. We do have time to do it.

The key to that diversified industrial base is a first-rate public school system. Now it's unthinkable to all of us that Texas could ever be anything but a rich state. It's unthinkable to us that our country could ever be anything but a rich country. It's unthinkable that anything could occur that would not allow us to leave a greater legacy of riches and wealth to our children than we had, 'cause that's been historic in our state and in our country. And yet if I had come to you at the end of World War II and said that Pittsburgh will no longer be the steel capital of the world, you wouldn't have believed that either. You've seen it go to Japan and now to Korea. If I had come to you ten years ago and said Detroit would no longer be the automobile capital of the world, you'd have found that difficult to believe and yet simply look in the parking lots.

We created the electronics industry, it's our brainchild. Simply go home tonight and look at the brand names on your electronic devices. We are losing hundreds of thousands of jobs in this country because we are no longer the most creative, productive people on the face of the earth. And we can get that back but we have grown rich and fat and soft and lazy and we have let it slip away from us and it continues to slip away from us.

And when it gets to the point that you can make steel in Japan, steel pipe for the oil field, have to bring the ore in, bring the energy in, make it in Japan, ship it across the Pacific and deliver it to the oil fields in Texas cheaper than Lone Star Steel can in Daingerfield, Texas, the handwriting's starting to get up on the wall. Just think of the weight of steel to ship it that distance.

So we've got our work cut out for us. We simply cannot take the future for granted. Where does our country rank? As you all know that we rank at the bottom of the industrialized world in terms of the educational achievement of our children. Last place. That's tragic. Where does our great, rich, proud state of Texas rank? Down in the forties among the fifty states. We are at the bottom of the bottom in terms of educational achievement.

Well, the good news is that there's no place to go but up. Now then, how far up should we go? We feel to our toes that there is no point in doing anything unless you intend to build the finest public school system in the world. Now that comes strong, even for Texas.

But there's no red ribbon for second place in economic competition. Our children are either going to win or lose as adults. We either should do it right or not do it at all. Being tenth place in the United States won't allow our children to compete and win in the tiny little world driven by rapid change that they will live in as adults.

We literally hold, or you literally hold, the future of the children of Texas in your hands. We have a saying in Texas though, "he's a good hand." We don't need any more good hands in Texas. We need good heads in Texas. A big, willing, illiterate, productive work force won't get the job done. A big, willing, highly productive, literate work force can keep Texas the shining star among the fifty states. Now that's our challenge.

Let's look at some facts. Go back twenty years. We were spending \$260 a child. Today we're spending \$2600 a child. That's a ten times increase. Five times is inflation, but it's still a five times increase in real money and that last five times increase is simply throwing money at a system that didn't work. So now wait a minute, we increased it by five times in real money, and that's all right because surely educational achievement improved. No, as you were generously pouring money into this system, more and more money year after year after year, you got less and less and less in the way of academic achievement on the part of our children.

Let's go back ten years. At that point we were spending 1.75 billion dollars. Today we're spending 8.3 billion dollars. School population only increased by eight

percent. At one time we were hiring one adult every time three new children came into the system. So we didn't run all that expenditure up because of the school population increase, simply throwing money at a system that doesn't produce results for your children.

I propose that we focus in, during this summer, and never forget for a moment that there's only one reason to have a public school system in the State of Texas. The public schools of Texas exist for the benefit of the children of the State of Texas.

This system does not exist to pay people salaries. This system does not exist for special interest groups. As far as I'm concerned, this system has....now you got to do all that and do it well, but let's get the cart behind the horse and remember that this system has one purpose and that is to develop each boy and girl in Texas to his or her full potential so that they can be winners all through their lives and if we do that everything else will fall into place. Now everything we'll be talking about is aimed at them.

I've talked to people all over Texas, as most of you know. We have gone to grassroots Texas to explain this system to the people. Normally by the time I get to this point when talking about costs going through the roof, academic achievement going through the floor, that's a recipe for bankruptcy in the private sector.

Now all of you are in business in one form or another, and if your product is deteriorating at the time your costs are going through the roof, folks, you're going broke, unless you happen to be a public institution. And we have been pouring more and more money into this system year after year after year trying to make it work but getting less and less and less as we put more money in.

The business people always at this point say, "Well who is in charge here?" They don't know. I think it's fascinating that we have to ask in Grass Roots, Texas because we're spending thirty cents out of every dollar that comes to Austin on our public schools and we don't know who runs the system. We know there's a local school board but nobody knows who runs it at the state level.

Well, you know and I know that we have a twenty-seven person elected State Board of Education. We have surveyed people across grassroots Texas in every way we know how and we find that typically the average person who votes always is not aware that there's a state board and not aware of who they vote for.

To make a long story short, these are nice people, they are fine people, but I just tell you straight up they've been unable to manage our system successfully and the buck stops there at the state board.

In any basic management course, there are certain things you have to do to run a business. All of these things are missing in the Texas public school managed at the state level. There are no management goals, no management philosophy, there is no management training, believe it or not. There is no accountability. Now think about that in your business. No accountability except for coaches.

Okay, now we expect that coach to win district, right? And we know what to do if he doesn't, right? That's accountability and that's good. A losing coach is either going to get fired or made principal and we know that all over Texas. Right?

Now my purpose in this story is not to pick on coaches. My purpose is to point out that that's a good....a system of accountability is fundamentally important. But a losing reading teacher can stay in parts of our system for thirty years and go on to glory and nobody ever holds that teacher accountable. That's got to change.

Now here's one that you're going to have trouble believing. How long could you stay in business if you didn't know your costs? You'd go broke quickly. We do not have a cost accounting system for the Texas public schools. We had to get most of the numerical information we got, or all of it in this area, came as a result of work the Texas Research League performed as a public service. They did this by hand and some of the results were shocking. I concluded, we did not want to know our costs in a lot of these areas because the money is so poorly spent.

Now finally we don't have a management information system. We have a computer system but you members of the legislature know that if you want information on the Texas public schools at the state level, normally you wait for it, and in today's technology you ought to have a terminal where you can just key in and get everything you need.

Then when you get it, it's typically given to you verbally. Let me tell you this, after a year of trying to use those numbers, they are so often wrong that we had to turn to the Comptroller of the State and ask his staff to team up and help us put numbers together that we could use; and if they hadn't done it, we simply could not have finished our work. We don't have a management information system is what I'm saying.

Everything you need to run an 8.3 billion dollar system is missing. Now if you leave the system in place and don't change it, it will cost the taxpayers of Texas 25 billion dollars a year by the year 2000, according to the Texas Association of School Boards, and it will not be producing anything that allows our children to compete and win throughout their adult lives.

We simply must put in strong management of the schools. What is the problem? Folks, it's this simple, it's a bottom-of-the-ballot item. And let me put it to all of you on a very personal basis. Would you run, if you're going to run, are you going to run for a bottom-of-the-ballot ticket? No. You run for a ticket that has a prominence in the mind of the voters, and you did and you won. We simply cannot attract the talent we need to run the public schools.

Now, wait a minute, is it really that bad? They've been in place twenty-five years. One person's been president for nine years. You can't be president of the United States for nine years. They've had time to fix it and all that's happened is deterioration, deterioration, deterioration. More and more money with less and less academic achievement.

Now this is the group that has given us the textbooks that are so bad that three states have formed a cartel to try to clean it up. See, we order so many textbooks that the other states get stuck with what we order.

This is the group that hasn't allowed a new dictionary to come to our schools for years, because they don't like some of the words in the book. This is the group that just embarrassed us nationally and internationally with the Darwin controversy. This is the group that has the authority to keep our public schools current and yet has allowed our public schools to fall behind. This is the group that on any given day can go out and clean up the school day and balance out the whole system between academics and extra-curricular and never had the courage to do it.

This is the group that runs, that has control over, the teacher certification process which, being kind to it, is corrupt. Any process that allows illiterate teachers to get a certificate needs to be cleaned up posthaste.

The very best part of our Texas public school system is the classroom teacher, let there be no mistake about it. The best part of our trips across Texas was visiting with the teachers. They are dedicated. They are motivated. They are bright. They are alert. According to the teachers, the toughest critic of the illiterate teachers are the Texas classroom teachers. If there were any way just to turn the problem over to them and say get rid of them, I guarantee you they'd get rid of 'em, because they don't want them any more than we want them. Now let's separate them. The people in the classroom teaching today are better than we deserve based on how we've treated them. And I'll get into that a little later.

But the people in the schools of education now, and this whole process is run by the state board, controlled by the state board, represents the lowest twenty-five percent of the SAT scores of the students in college today. In other words, the dumbest folks in college are studying to be teachers and routinely getting teacher certificates today. Now that is bad for the future. Believe me, the classroom teachers

hate it because it's a blight on the profession and on any given day that whole thing could have been cleaned up and made right, but it has not been done. I simply say to you, that item number one on our agenda, if you and I were going to buy a business that was in trouble, the first order of business would be to put in top management that could do the job.

This is like having the captain of the ship that runs it aground every time he gets the helm and deciding that the solution would be to court martial a sailor. You've got to go in at the top and clean this thing up.

Now we simply have to . . . You say now wait a minute. This offends a lot of people, sure I understand all the problems. But let's look at how big this business is. Do you realize that there is not another business in the State of Texas operating within the borders of the State of Texas that has revenues of 8.3 billion dollars?

This is the biggest business operating inside the borders of Texas, with no management. Okay.

You say, okay, well, how many companies in Texas are operating more widely are larger than the public schools? Only two. Only two.

We have an example of something I can relate to. You see, \$8.3 billion is so much money, if you could get the H. L. Hunt family to turn all of their resources into the State of Texas, we could only run the public schools for a few months. Now, that starts to bring it down to earth. Right? For a few months. It's that big.

Texas Instruments, a five-star company in our state that we're very proud of, has revenues of \$4 billion, is half the size of the Texas public schools.

Next, we start to put it into perspective. You can build eighty-three \$100 million downtown Dallas skyscrapers and pay cash for them every year. And you don't pay cash for skyscrapers. As you know, you fund those things out for 40 years or as long as they'll let you.

You can pay cash for eighty-three a year. We don't have eighty-three \$100 million skyscrapers in downtown Dallas. That's how much money we're talking about or you can go to San Antonio, about 830,000 people, get every man, woman and child in the city a brand new \$10,000 car every year and pay cash for it.

Folks, you bought a ticket. I'm telling you. You bought a ticket to first-rate education. You just didn't get to see the show.

Now, when it comes to money, we're going to give you two or three bad choices. You can put a little money in it now, get it under control and build the finest public school system in the world. Or, you can sit there and look at it and let the music keep going the way it is now, and it will turn into Pac-Man. It will eat up every dollar that ever gets to Austin, Texas, by the year 2000 and the children won't get the benefit.

Now, those are our choices.

You say, well, why do we have to put any more money in if there's a lot of waste? And there is a lot of waste. Folks, we don't have a cost-accounting system. We don't know where it is. But, I guarantee you, there's 15% there, and that's a billion, \$200 million. And it's going to take two or three years just to find it, because nobody wants to know where it is right now.

Well, excuse me. There are a lot of folks that want to know where it is. But I mean there's some that don't want to bring all the bodies to the surface, because one person's frill is another person's necessity. I mean when we try to get motorcycle riding for high school credit out of the Texas public schools, you're going to have some Kamikazes show up here and put their bodies right across the railroad tracks to keep them.

And I use the word Kamikazes after some thought, because all motorcycle riding for high school credit gives you is to stimulate the Japanese motorcycle industry, if you think about it.

Now, the point I hope I've made is we have a huge business. We've got to have first-rate top management to run it. And we've got to then get down to the business of reforming our schools.

The first thing — that's Item Number One, is put in first-rate top management. We can get them. You can get the best people in this state to serve because this is the economic future of the state.

If for no other reason they'll serve out of self-interest. Our whole future is tied to a first-rate public school system.

We can't have just any kind of industry in Texas. We're almost driven to high-tech industries because they don't take a lot of water, they don't take a lot of this, that and the other. They do take a lot of brain power.

Isn't it terrific that we've got a new chancellor whose goal is to have The University of Texas the finest institution of higher learning in the world? Now then, if we have a goal to make our public schools the finest in the world, we're in the race, and we can win, and our children can win. And it's the only real legacy we can leave our children, very frankly.

Item Number Two. After we clean up top management, clean up the school day. The school day has been eaten up by a lot of things. Worst case we ran into in Texas, only twenty-five percent of the school day was spent on learning. A typical case, fifty percent.

I'm not going to give you all the examples today, but let me just hit a few sacred cows.

We waste a tremendous amount of time on non-learning activities. We typically have 40 clubs in a big city high school. They don't have any money, and everybody wants to take a trip. And they raise the money during the school day, which is just goofy. Now, go back to when you were in school. A good looking girl with the drill team is allowed to come into algebra class and sell you cookies. Does that upset any man here? At 16? No'

Schools were a little smarter than that when we were 16. Now then they raise the money while school's in session.

Say wait a minute, you against them raising money? No. Do it in the afternoons and on the weekends.

And the purpose of raising the money? Then they have to deliver the cookies and that's another pleasant experience. If the teacher is good natured, you get to eat them in class. And that's the third.

Three good experiences all not related to learning.

Now then, the drill team is going to take a trip. Now, folks, we don't take short trips anymore. Nobody goes to Waco, nobody goes to Waxahachie or Buffalo Gap, believe me. And this year, we had a little country town send a 90-girl drill team to Hawaii while school was in session.

You say, what's the beef?

That's it. While school was in session. Go at Christmas, go at spring vacation, go at summer. These are great trips for the kids. Raise the money after school, but don't just take 90 children out of school for 10 days. That's 900 school days missed.

Now the band goes to Belgium, the choir goes to Cancun. And when it's over, we've just had travel out our ears.

Last night I was stuck at the airport waiting to get out because of bad weather, and a man came over to me from the Texas Farm Bureau. He said, "I'm here today to keep you from destroying vocational agriculture."

And I said, "Well, that's interesting, because I grew up in an agriculture environment and the last thing I'd want to do is destroy it, but we sure want to get rid of the corruption." And he kind of blinked and said, "What do you mean?"

And I said, "Look, when you and I were kids, if we could have gotten out of school an unlimited number of times to go to fat stock shows, and if our parents would have let us, would we have gone?"

Every man here at 16, 15 — now, you say, wait a minute, I lived in downtown Houston. That's no problem. Just buy a chicken, get something small. See?

I know you're all tired of hearing the story 35 — we have one case 35 days across Texas, taking a chicken to livestock shows, missing school for 35 days while you're paying \$8.3 billion.

Houston papers questioned the accuracy of that, went to Houston Fat Stock Show, couldn't find anybody that hadn't missed 20 days, found a new world champion at 42 days with a sheep.

Now, when I was in school, the real challenge was to get the kids out of the cotton fields and get us in class. And the school system was really kind of run around agriculture. Now, we've come full circle now. We've institutionalized cheap child labor and we call it distributive education and we're dumping children and particularly minority children and disadvantaged children out of our schools at noon to cook hamburgers and tacos, and sack groceries, and damaging forever their ability to lead rich, productive, successful lives.

Now. Say, wait a minute. Are you against distributive — No . . . we're not against distributive education. But let's put a muzzle on the thing. Let's get it under control.

Now then, that brings us to vocational education. Vocational education is across this state, training children for jobs that don't exist on obsolete equipment. It's a dumping ground for the poor and the disadvantaged and the slower learners.

We had a man from Senator Carl Parker's district come before us that's a pipefitter. He said, "Look, I can teach them a skill in an apprentice program." But he said, "I can't teach them to read and write."

Now, folks, we have created a system, spent \$8.3 billion for it, give the child that was socially promoted....now, that's another phenomenon that I hope you'll kill this summer. That's the cruelest form of economic segregation. Now, think about that.

You take a child from a disadvantaged family, say from a black family. The parents never had a chance to go to school. The child has a chance to go to school. The child goes through the schools; the child graduates with a diploma; the hopes and dreams of the family are wrapped up in that child and then the parents and the child realize that the cruelest form of economic segregation has been played on that child.

Because that child never had to learn. Never had to learn.

Social promotion.

Now, that's what we've got going in this \$8.3 billion system now. And I'm hoping that we kill that this summer to make sure that our children have to learn.

Now, back to vocational education. We're not against vocational education. We're against all the funny rules. We're against all the special work rules. We're against the this, the that and the corruption that's crept into the program. We're against training children for irrelevant jobs. We're against training children for jobs that don't exist.

We feel that the good courses will survive and that the bad courses should be gotten rid of. You say, like what?

Bicycle repair.

Just take the slowest old boy you ever knew. How long can you spend teaching him to fix a 10-speed bicycle?

A week? See?

Now, my favorite is the one out there — I don't know where this one fits....it's on operating milking machines.

Now, I was a child when the milking machines first came out. Now, that was the second freeing of the slaves. If anybody ever lived around a dairy you know exactly what I mean.

It didn't take but a few hours for the dumbest old boy I knew to figure out how to operate that milking equipment, because that was his ticket out from under that cow.

Down in the Valley, where they just, you know, vocational ed, in some of these places is thriving, they're dumping the kids in there that could be architects and lawyers and engineers and have tremendous futures. We had the president of a school board come to us and say, "Look, I've run a big automobile dealership. We've got kids coming in my dealership with three years of automobile repair that have the equivalent of 60 days experience."

Now, that's what we're talking about. Clean it up, gut it out and let the cream survive.

We're teaching pottery at \$1,400 a child. Now just think about that. How many children in Texas are ever going to make clay pots for a living?

We're a big rich state, folks, but we can't — it would cost you \$200 to \$300 to teach first-class English, first-class algebra, first-class math.

\$1,400 a child. These are goofy things that have crept into the system.

Clean up the school day, clean up the school night. And here's one for you that doesn't cost you a penny. Assigned homework.

You get the school day back for learning, and spend it on learning, put a two-hour block after school for extra-curricular. Now see, we didn't kill football.

We're not trying to kill anything.

We're trying to balance the day out, there's just so much time.

Two-hour block for extra-curricular activities after school. Now, leave the children home at night and assign homework.

You say, well, that's no problem. It's a terrible problem. Look at the UIL calendar. They're out every night doing something. They're traveling all over the state, playing some game or what have you during the week.

You say, wait a minute, we can't kill the games. That's his story. Just saw Pompeii on television, right? It's going to be Christians or the lions, or you know, Abilene versus Odessa, or — you know, we've got to have the games.

May be different as time passes — but, wait a minute. We don't have to kill the games, we just put the games in a different time.

Now, to put this in perspective, if the local folks want entertainment, let's just say, "You know, when the bell rings, I say, wait a minute. We've got — we want to be entertained on Friday night."

Keep in mind the first reply is, "look, you want them to win on Friday night, or do you want them to win all through their lives and also win on Friday night, because that's what we're working on this summer".

Right?

Okay

Now. But if they press you on that, say, "all right," in jest. I have a proposal for you here today. We close the public schools of Texas for one year; we take the \$8.3 billion and spend it on entertainment. We can build four hundred, \$20 million Six-Flags-Over-Texas theme parks across Texas, pay cash for them, and have a source of revenue for the state.

Now, think of that.

Somebody thinks it's a good idea.

Okay.

Now, you have \$300 million left over. Now, just think about — this helps you put the massiveness of this system into perspective. If you got down to the 400th largest city in Texas, not only do you not have a stoplight, you don't have a paved road.

I mean it's that small. That's how much entertainment you could buy in one year. That's my point, very simply.

Clean up the school day, clean up the school night. And next put a great teacher with a great unwatered-down textbook in every classroom in Texas and keep them there.

Now, that's the key.

We beg you to stop building buildings. No, not the state, but at the local school boards, on any slow day, if nothing else is going on, we'll build a building in Texas.

We may be at the bottom of the barrel in terms of academic achievement, you need to know this. We have the largest school debt of any state in the United States.

I am regretful to report to you we did not spend it on libraries, chemistry labs and physics labs. We have got the darndest collection of indoor field houses, indoor swimming pools, astroturf stadiums, electric-cleat cleaners, towel warmers, and you name it, you ever saw.

Those things are done. We don't have to keep doing it.

Now, great facilities have very little to do with learning. Great teachers have everything to do with learning.

This means proper teacher preparation, proper teacher preparation, proper teacher compensation. You don't get something for nothing in your business, and you don't get something for nothing in the education system.

Proper teacher compensation.

Now, let me be perfectly clear here. This doesn't mean just paying folks for staying alive, you know? This means paying teachers for doing a great job of educating our children.

Now, then, one thing that's really missing in our system. We don't listen to the teachers. We don't listen to the the teachers.

How long could you stay in business if you didn't listen to the people who dealt with your customers? The teachers are the frontline soldiers, right?

We need good two-way communication. We clean that up, get a great teacher properly prepared, properly compensated, good two-way communication.

Next thing we've got to do is build the finest elementary system this world has ever seen.

Now, in big rich Texas we spend all our money up where it does the least good, in high school. And we spend the least money where it will do the most good, and that's down in the elementary grades where we could teach little children to learn how to learn.

Now, we, unfortunately, have an attitude in too many places across public education in Texas that blacks and browns and disadvantaged people cannot learn. Now, as far as I'm concerned, anybody that feels like that, number one, is wrong, and number two, should not even have a job in the new system.

Because I can take you across Texas and show you that they can learn, and I can take you across Texas and show you in systems where people are trying, that it works. And I can show you that we've got to have a system that doesn't just cater to the middle-class child from the home with two loving parents, with the mother at home. You've got to take Texas the way it is. But the key is down there in the elementary grades.

We've got three-year old street children in this state that would be better off in the worst day care center you've ever heard or read about than where they are.

See? These are just kids that are on the street. If we don't get those children into early childhood development centers —. We're not trying to take a four-year old away from adoring parents. We're trying to take a four-year old off the street. You know?

And what are we going to do when we get them there? We're going to do exactly what you do in your home. We're going to love them. We're going to encourage them. We're going to teach them that they're somebody special before they learn to think so poorly of themselves that they never try.

Study Huntsville's prison population and you could have predicted when most of that population was three, four and five years old that that's where they'd wind up. Their egos were so damaged. Now then, let's take this street child, has had no experience, comes into the first grade next to your child. Your child shows up clean, scrubbed, knows his numbers, knows his letters, reads a little bit. The hopes and dreams of the family are wrapped up with him.

I'm a street child, I show up, not poor but proud. Hell, I'm poor and dirty. I got a 50-word vocabulary. I've met these children. I don't know my last name. I sit next to your child. At the end of the first day I'm so defeated I just want out of there. School is not a bad place for me; it's a terrible place for me.

But if you got me into that school a little early, you got me in there when I was four, and you loved me, and you hugged and you encouraged me, and you told me I was somebody and you got me ready for the first grade, school suddenly becomes the best part of my life, and by the time I get to the first grade I'll be competitive with your child, and two good things happen. I'm a learner, and your child doesn't get held back because of the slow learners in the classroom.

This won't cost us much, and it will save us a fortune over time.

And I hope you'll consider that in the early childhood development centers and the finest elementary system this world has ever seen. That's where we win or lose, folks.

Then we go on. We've got to get the parents back into the game. I won't dwell on that, because you can't legislate it. But we've done a lot of work on it, but we've got to get them back in the game and we will.

And there are programs across Texas to get them in the game. Anything you're worried about, I can show you a program that solves your problem across our big state.

We've got good programs in different places. And if we had good management at the state level, instead of having people sitting right across the street over here, talking to one another, they'd be out in the field discovering those programs and taking the good ones and mass producing them across the state.

Now that's what we've got to do in the future. And we can do it.

Get the parents back into the game.

Now, that brings us to equalization. We've got school districts so poor they can't keep the lights on, and we've got school districts so rich they can't spend the money and we've got a court case we're going to lose with 100% certainty, and you know it, and I know it.

As an act of will, the people of Texas need to take this one on, and have true equalization.

Again, one man has made a tremendous difference. Our Comptroller, Bob Bullock, took the toughest snake in the barrel. That's equalization, and he and his staff have worked on it for a year, and they have put together a coalition of the rich schools, the poor schools, the minorities, the concern of everybody involved, and they have come up with a plan, and believe me, it is a good plan, and I hope you will seriously consider it. And in contrast to this thing that floated over the horizon from the State Board over the weekend, you know. . .there's no comparison. The thing that just popped out over the weekend is to take the old system and pour more money into it.

That's their solution for everything, folks, and it didn't work.

So, we simply must equalize.

Now, equalization is an unnatural event. We're all born selfish. The psychologist will tell us that. We are taught through our children's programs, our parents, our public schools, our churches, boy scouts and girl scouts to share because society will only work if we share.

And when I was in the public schools, and maybe you've heard it...I had to learn the same poem. We were taught a poem that sums it all up about equalization. As

a matter of fact, Sam, this poem applies to you, as far as the Texas Legislature is concerned, if you'll think about it. It has two purposes here today. It's very short.

"Help the man who is down today.

Give him a lift in his sorrow.

Life has a very strange way.

No one knows what may happen tomorrow."

Now, we must equalize in this state, folks. And we've got to take that on. Or, if we don't take it on, don't waste time reforming the schools because the courts are going to be back in our schools, and they'll stay forever, and we won't be able to get reform done because they'll be running the schools now on two issues.

Something we're stuck with, something we've got to do.

In closing, let me mention that in the Senate, Senators Grant Jones and Ray Farabee will be carrying our bills. Now, there's a pair of heavyweights for you, and I hope that lets you know we're serious. And in the House, Hugo Berlanga, Wayne Peveto, and Lee Jackson will be carrying our bills.

All four senior leaders in our state have endorsed these programs. They were on the committee; they voted for these programs. The first senior official in the State of Texas to come out for the appointed board was a man who has to run a business, make a profit, and understands cost controls and management, and that's the Speaker of the House, who understands it's just something you've got to do. If you can't manage it, you'll never get results. You can pour all the money in the world in it, and not get the answer.

All four elected leaders. At contrast, aren't we lucky? You go to Washington, you couldn't get the top four elected officials in Washington together to lead a group in silent prayer.

Now, just think about it. You know, we've got the four horsemen, the strongest four people in our state leading the charge. They're out in the street ready to go. It's time to strap it on and get the job done, and with that kind of leadership...I haven't said much about the Lieutenant Governor today. You don't need to say much about him, but I know I speak for everyone here when I say he is probably the most respected servant of the people in the State of Texas, and I certainly want to recognize him.

He was working on school reform before any of the rest of us started thinking about it. He's been dedicated to it for years. He and I were working together several weeks ago and he turned to me, looked at me intently and said, "Ross, this is the most important thing I will ever do in my life." Think about it...you land in Houston at Hobby Field, you own the Houston Post, own a string of television stations, long-time Lieutenant Governor of the State of Texas, a distinguished record of public service to the people of Texas...it's the most important thing he will ever do in his life. Then he pointed at me and he said, "Ross it's the most important thing you will ever do in your life because if we do this right we can leave Texas a rich state; we can impact the lives of millions of children and we can build an industrialized base that will support the future of Texas after the oil and gas runs out."

I tell you that story because I suggest to you, that it may be the most important thing that any person in the legislature will ever do in his life, so I ask you on behalf of the children of Texas, as you consider this program this summer, to keep this philosophy in mind, and this has been our slogan: "Millions for reform, but not one more penny for the status quo."

Now, folks, if you put more money into this system, you are wasting money. I propose you put a big switch down here. If we get reform, then we come up the money to make it work. If we don't get reform, then I suggest we come back in January and try again. We will be here — our committee will be here with you until we get it. But let's do it right or not do it at all.

In case you're wondering, Stan Schleuter did not write that part of my speech, but he could have and I would have taken it word for word from Stan. And finally I'd like to leave you with Winston Churchill's last speech. He was asked to go to his boyhood school and tell the boys everything he had learned in his years of public service. This is the entire speech and I suggest that as you start to reform the public schools of Texas, there is no place for compromise. Compromise means watering down. There is a place for better ideas, certainly, but not for compromise. Who wants a car with two wheels and no engine. That's a compromised car. Better ideas, and you'll have better ideas, but don't water it down because it doesn't help the children of Texas. Just keep Winston Churchill's last speech in mind. It's everything he had learned in his fifty or so years of public service and this is the entire speech: "Never give in, never give in, NEVER' NEVER' NEVER"

Thank you very much.

The President then introduced The Honorable Bob Bullock, Comptroller of Public Accounts, who addressed the Joint Session as follows:

When Governor Hobby and Speaker Lewis invited me over here, they asked me to talk about money.

That being the case, I could make the shortest talk in legislative history:

You don't have any.

I don't know how I can make that any more clear, but let me come at it from a different angle.

It is as simple as this: If you spend any additional money on any new or any existing program, then you must find a way to pay for it.

Well, now that you've been turned down for credit, you deserve a more complete explanation.

And, I think it is best to begin by putting our situation in a proper historical perspective.

Look back for a minute at the events which have shaped the Texas economy as we know it today:

The date: March, 1983. The place: London. OPEC oil ministers dropped the bottom out of world oil prices.

And, we here in Texas sat helplessly by as the price of Texas crude dropped.

The drop in value of Texas oil sent shockwaves throughout our economy.

We not only lost millions in severance tax money, but the oil and gas industry accounts—directly or indirectly—for 30% of our sales tax.

And so, consequently, in 1983 our sales tax failed to grow for the first time in its history.

The devaluation of the Mexican peso—which began in February, 1982, was a devastating blow to the Texas economy.

It hit not just our 1,200 miles of border, but it reached deeply—and painfully—into international commerce in Houston and San Antonio.

And look then at the national recession.

It crippled the element that is most critical to the strength and growth of our economy—JOBS'

OPEC. Devaluation of the peso. The national recession. Last summer's drought. Last winter's freeze.

What do they all have in common?

They all have in common the fact that they were not the products of Texans. They did not happen at our instigation.

And they have in common the fact that they could not be anticipated in advance. How can you anticipate a drought? How can you forecast a Christmas freeze on a hot day in June?

And they all have in common the fact that we could do nothing about them.

I say today, that no Legislature in the history of this state has ever carried the awesome responsibility you now have on your shoulders.

You carry the responsibility of knowing that my official revenue estimate says there is \$15 million available to you today.

\$15 million.

You carry the responsibility of knowing that whatever you buy and whatever you pay for in this special session will be back here in January to be paid for again.

And, you are entitled to know what I am projecting for the coming two years.

I believe that state revenues for the budget period September 1, 1985, through August 31, 1987 will total \$33.1 billion.

If I'm right, that will be \$1.3 billion more than our revenues during this current budget period.

When I'm through here I understand that Jim Oliver of the Budget Board is going to speak.

I also understand that the Budget Board has looked at spending commitments for the next two years, and I think he will agree that \$33.1 billion will NOT cover even a bare-bones budget for 86'-87'.

Frankly, January and June are inseparable.

Just in the few hours you have been in Session I have already been asked one question repeatedly:

"Bullock, is there a chance the revenue picture will get better?"

My answer is simple: No, I don't anticipate any great change.

In our revenue estimate for the rest of this year and for the two years ahead, we have already taken into account every bright spot we could rationalize with common sense and business sense.

Our estimates over the past year have consistently run within one percent of what has actually taken place.

For the next two years we see continued, slow recovery in Texas.

We see continued, steady gains in employment.

In the oil industry we see stable prices through 1987.

But again, the hostilities now taking place in the Persian Gulf emphasize our helplessness in a global, political marketplace.

But let's stop right here and understand something.

Texas is not broke.

Texas is not down and out.

It would be wrong—thoroughly, absolutely wrong—for anyone in this room, or beyond the borders of our state to think that our economy is on the brink of disaster.

Far from it.

Our total revenue for the past year exceeded any previous year in history.

This year—when the budget year ends August 31—our total revenues again will have set a record.

But it is also a simple proposition to say that all of that record-setting revenue—save the \$15 million I mentioned—was spent during the Regular Session last year.

A few years ago they called Texas the "Superstate," and Texans the "Super Americans."

We were—and we are.

Texas is still the flagship of the nation's economy.

We are Number One in oil and gas. In fact, we're Number One in most everything.

But most of all, we are Number One in the quality of our people.

And speaking of our people, we not only have the best, we are getting the most.

Three of the 10 largest cities in America are in Texas, and no other state can say that.

In just a few short years we will pass New York in total population and become the second most populous state.

Now there are two ways of looking at that.

There are those who say our exploding population is our problem.

But I submit that our population is not a burden; it's an asset.

Our people are an asset. Their productivity is an asset. Their creativity is an asset.

Texas has a lot of assets at your disposal.

Others look ahead and see challenge. Texans look ahead and see potential.

Thank you.

The President then introduced Mr. Jim Oliver, Director, Legislative Budget Board, who addressed the Joint Session as follows:

Thank you, Governor Hobby, Speaker Lewis, Governor White. Mr. Bullock, I was awfully relieved when you did not change that \$15 million figure. I would have had to rewrite the speech if you had.

He's been very consistent with his forecast for the ending balance for this current biennium and as we have reviewed the numbers and worked with his staff, we can see no reason why we should deviate either. It puts you in a position, in this 2nd Called Session, of knowing that for every additional dollar that you appropriate to improve our public school programs and our highway programs you will need to pass a tax bill to pay for it.

I have been asked to present a brief review on the spending policies that are now in place in the state of Texas and briefly give an outlook for the 1986-87 biennium. I have got to tell you that the action that was taken in the last regular session in writing the current general Appropriation Bill for the 1984-85 biennium has a very strong influence on the outlook for the 1986-87 biennium. Let me refresh your memory on some of the spending appropriation strategies you used in adopting the budget for the current biennium. Because of the fact that there were some clouds on the economy at the time, and revenue forecasts were being reduced during the last regular session, you used four one-time sources of money in writing the current Appropriation Bill. When Comptroller Bullock certified the Appropriation Bill that you adopted, he was looking at a beginning balance of \$600 million and as he has indicated, no beginning balance is forecast to start off the next biennium. So that was \$600 million that right now looks like a one-time source of funds.

Additionally, you passed legislation which changed the dates for collecting some of our major revenue sources. The result of that was to reach into the 1986-87 biennium and pull forward into the 1984-85 biennium approximately \$464 million which, as you were told at the time, was a one-time source of revenue. In addition, you chose for, on a one-time basis, to reduce the state's contribution to the Teacher Retirement System from 8.5 percent to 7.1 percent, thereby relieving the transfer to the system by approximately \$210 million. That required the passage of legislation and that reduction in rate is effective for only two years, the current year. It automatically goes back to 8.5 percent in the next biennium.

Additionally, and this does not involve a huge sum of money, but just as an indication of how important small sums of money can become. For a two year period, the 1984-85 biennium, you stopped the transfer of one cent of the cigarette tax to the local urban park fund. That saved \$40 million, not much when compared to the other three one-time sources, but it is my understanding at the end of the session that you had to do that last session or the comptroller would not have been able to certify the Appropriation Bill. So \$40 million can be very important. That transfer will continue in the next biennium.

These four sources add up to approximately \$1.3 billion of one-time funding in establishing where you are right now and where you will more than likely take

off in writing the Appropriation Bill for the 1986-87 biennium. All of these actions were in the mind of the legislatures' leadership when they encouraged you to adopt, by resolution, the creation and the interim of the joint select committee on fiscal policy, and I want to briefly run down the membership of that committee because it corresponds almost exactly with the membership of the select committee on public education: Governor Hobby and Speaker Lewis head the committee; Governor White, Comptroller Bullock, and Treasurer Richards are ex officio members; Secretary of State Fainter is a member. In addition, Senators Jones and Farabee are members and Representatives Rudd and Schlueter are members. This group, quite often, would have a meeting of the select committee on public education on one day and then follow that up the very next day with a meeting taking a look at the fiscal policy of the state. In those meetings the committee received presentations on the outlook for the state's economy, not over the next two years, but over a longer period. It examined what is happening to the state's economy, what is happening to the basic economic structure and how this effects the revenue base of the state, what it predicts for future revenue forecasts. It asks the staff of the budget board and the staff of the governor's office to take a look at the last ten years and find out what kind of spending policies are in place for the purpose of examining what kind of momentum these policies have. Some of these spending policies that are in place right now are more susceptible to change than others. I can assure you that if you are going to meet the challenge that has been laid before this 2nd Called Session and really do something significant in reforming our public education programs it will take not only additional tax dollars, but it will take changing some of your existing policies on priorities.

As we look back over those ten years, I think it is important just to quickly review some of the more important features that we discovered. We found that even though state spending had increased a large percentage from fiscal 1974 to 1983, state spending increased 208 percent. But of course the budgets of state agencies are impacted not only by the effect of inflation but also by the effect of larger populations, more students in the public schools, more students in institutions of higher education, larger welfare case loads. So we made an adjustment in that 208 percent increase and we found that you adjust just for the effect of inflation as measured by the consumer price index and just for the growth in general population. That 208 percent increase drops down to only a 16 percent increase or an average annual increase of 1.7 percent. It is reasonable for you to ask, "Why should it have increased at all after adjusting for inflation and general population increase?" That is a reasonable question. What did we get for that additional 1.6 percent annually increase? Here are some of the things you got:

First of all as a policy you did attempt, as a legislature, to accommodate the effects of inflation in setting the salary rates for state employees, for faculty members in institutions of higher education, and for classroom teachers. This was a period that saw skyrocketing utility costs and you attempted to make appropriations there that would permit institutions of higher education, state hospitals, medical schools, and the like to pay their utility bills. Many of these factors, such as utility costs and also medical services, far exceeded any inflation rate that was measured by the CPI.

Additionally, from 1977 on, as you have improved funding and increased funding in public education, you have increased the state's share of the foundation school program. In 1977, the state paid 77 percent of the cost of the foundation school program. In 1983, the state of Texas paid 89 percent. Small changes, that is really not small, but any change in this state/local partnership can have an impact on the cost of state government and when it effects a program the magnitude of the foundation school program, you are talking about many, many millions of dollars.

During that period and continuing to take a look at public school finance, you continued to match, for retirement purposes, that part of the school district's payroll

which is paid for from local funds. To that extent, the state's costs are really out of control and not within your discretion.

During that period of time and also in 1977, the state highway program ceased being funded totally with highway user fees and for the first time you started funding the highway construction and maintenance program with general revenue funds. This added a burden to those revenue sources.

In higher education, not only four year institutions of higher education, but also in junior colleges, you continued to maintain what is essentially an open enrollment policy. I know of virtually no other state, certainly no other state anywhere near as large as Texas, that has as generous an enrollment policy as does the state of Texas. You accommodate this by keeping tuition and mandatory fees very, very low compared to other states. Only two states of the fifteen most popular states have more students enrolled in four year institutions of higher education than the state of Texas does. Those two states are Indiana and Virginia. That is a policy that you may need to examine.

During the same period, you continued to provide financial accommodations to orders of the federal courts, two of the most costly involving the Texas Department of Corrections and institutions under the Department of Mental Health and Mental Retardation.

These are just some of the things that you got for that additional 16 percent of real increase. It is not all, by any means. You were able to do this, not only by not raising taxes, but as a matter of fact, you eliminated the state property tax, you raised the exemptions on the inheritance tax, and you exempted residential utility bills from the sales tax. Since the effective day of those pieces of legislation until now, that revenue that has been foregone has totaled over a billion dollars.

When the joint committee saw these numbers, it said, "That is what we have done in the past, let's look to the future now. Let's see what the 1986-87 biennium looks like." One of the instructions that Governor White, Lieutenant Governor Hobby, and Speaker Lewis gave the staff of the budget board and the governor's office was to get together and define, specify a budget that is in place right now. That may sound like a very simple matter. Just take the total appropriations and that is where you are. But, unless you look at it very closely, unless you take some care in getting all appropriations together and all of the purposes described for the appropriations, you can have some disagreement as to where we are right now. I think the committee felt that there will be enough things to disagree about in the future without disagreeing on where we are right now.

So, we did define a 1985 level of budget and they said, "Now we want you to build at least three assumptions for what it would take to accomplish three different things in the 1986-87 biennium. First of all we want a no growth budget, a budget that has absolutely no increases in it at all, nothing for inflation, nothing for growth in caseload of services or enrollment, no construction whatsoever." And we did that. We essentially took 1985, multiplied it times two, with the exception of three areas which are controlled generally by statute and that is the cost of the foundation school program, the cost of the highway cost index and the transfer to the highway fund, and the cost of the teacher retirement system and the state employee retirement systems. When we did that under spending assumption number one, we found out that if you assume a nine percent growth in revenue in the 1986-87 biennium which incidentally is the same growth in normal revenue that is in place right now in the current biennium, it is the same nine percent in growth of normal revenue that Comptroller Bullock emphasized was right on target. If you assume nine percent growth in 1986-87 biennium and if you apply it to spending assumption one, an extremely austere assumption, you are still \$570 million short. This is without taking any consideration what you might do in the special session.

The second assumption they wanted us to price out was, "What if you take spending assumption one and apply some increase to accommodate the effect of

inflation?" Our best forecast right now is showing that inflation in the 1986-87 biennium is going to run at an annual rate of something like six percent. But we did not plow six percent into it. We took just four percent on the theory that perhaps you might not ought to fully accommodate the effect of inflation. When we did that, again with no growth in services and with no construction or capital outlay, none whatsoever, a nine percent growth in revenue would leave you \$1.8 billion short.

The third assumption would be to then apply a small amount for growth increased enrollment. When we did that to the second assumption and again assumed a nine percent growth in revenue, you would be \$2.2 billion short. So, let me assure you that if there were no special session today, and if you were to go to the regular session without taking any action at all, you would have some very serious difficulties facing you in maintaining the current level of services.

You should have on your desk a page that looks something like this and is entitled Summary of Impact of Governor's Proposals; The Second Called Session. After we had developed these three assumptions, this was before the special session had been called, this was before Governor White had made his proposals to the 2nd Called Session. After the governor made his proposals, the budget board asked the staff to take these proposals and apply them to the three assumptions already identified. We have done this.

The first thing that we will point out to you and Governor White mentioned yesterday that the governor's tax proposals presented to the 2nd Called Session would raise \$920 million more than the spending proposals that he has made to you. The effect of this would be to lessen to some extent, not entirely, the spending difficulties, the appropriation difficulties that you would encounter in the regular session. If you have that one-page handout, you will notice that instead of being \$570 million short, for spending assumption one, you would have \$330 million left over. However, if you then go to assumption two which accommodates inflation to the extent of four percent per year, you are again in a deficit situation of \$456.4 million. Spending assumption three which provides a small amount for growth would leave a \$789.7 million deficit. Then we worked up a fourth assumption, which took a little more optimistic look, perhaps unduly so, to the revenue growth in the 1986-87 biennium. We said, "What if, instead of nine percent, revenue increases 12.8 percent? And what if, instead of four percent for inflation and 1.6 percent per year for growth that the next legislature should pass an appropriation bill for the 1986-87 biennium that would provide the same biennium-to-biennium increase as you did in 1983, that being an 18 percent biennium-to-biennium increase. If you were to do that, with a 12.8 percent growth in revenue, you would be in a deficit situation of \$524.5 million, even after taking into account the \$920 million by which the governor's tax proposals exceed the spending proposals.

You have a tremendous challenge ahead of you and as Mr. Bullock said, a tremendous opportunity to impact the future of public education in this state. I want you to know that the staff of the budget board stands ready to help you, whatever position you might be in. We think we can provide you with some facts and some information that might help you determine your position in this special session. When the session is over with and you prepare to go back home and explain your action, we will try to help you with that, too. With that I thank you very much.

SUMMARY OF IMPACT OF GOVERNOR'S PROPOSALS TO SECOND C
ON THE MAJOR FUNDS IN 1986-87 BIENNIUM, USING FOUR
FOR GROWTH IN REVENUE AND APPROPRIATIONS
(IN MILLIONS OF DOLLARS)

	Assumption I 1985 x 2	Assumption II 4% Annual Increase for Inflation	Ass 4% Inc Inf 1.
1986-87 Major Funds Revenue, 9% Growth Rate(12.8% for Assumption IV)	\$22,718.7	\$22,718.7	
Governor's Tax Plan, 1986-87	3,544.8	3,544.8	
Comptroller's Estimate of General Revenue Fund Balance Available for Appropriation, 8-31-85	15.2	15.2	
1985 Tax Revenue in Excess of Appropriations Under Governor's Proposed Plan	203.0	203.0	
TOTAL REVENUE	<u>26,481.7</u>	<u>26,481.7</u>	
1986-87 Major Funds Appropriations, assuming adjustment shown in column heading, no capital outlay and excluding proposed College Building Fund	23,325.5	24,112.0	
Governor's Highway and Education Spending Plan, also assuming dedication of 1¢ of cigarette tax increase for cancer research	2,826.1	2,826.1	
Ending Cash Balance, 8-31-87	<u>\$ 330.1</u>	<u>\$ -456.4</u>	<u>\$</u>

MEMORIAL RESOLUTIONS

- S.R. 7 - By Doggett: Memorial resolution for Bessie Stretcher Gray.
S.R. 8 - By Doggett: Memorial resolution for Robert Elden Mathews.
S.R. 9 - By Doggett: Memorial resolution for N. L. Gault.
S.R. 12 - By Doggett: Memorial resolution for O. H. Elliott.
S.R. 13 - By Doggett: Memorial resolution for Victor G. Probst.
S.R. 14 - By Doggett: Memorial resolution for Jens Michal Jacobsen.
S.R. 15 - By Doggett: Memorial resolution for Edward (Ed) F. Riedel.
S.R. 20 - By Montford: Memorial resolution for Nelda Williams.
S.R. 21 - By Montford: Memorial resolution for The Honorable Frank A. Guess.
S.R. 22 - By Montford: Memorial resolution for J. Billy Marley.
S.R. 23 - By Montford: Memorial resolution for Alex K. Cooke, Sr.
S.R. 24 - By Montford: Memorial resolution for The Honorable E. R. Blakney.
S.R. 25 - By Montford: Memorial resolution for Alton Graham Addison.
S.R. 26 - By Montford: Memorial resolution for A. M. "Al" Muldrow.
S.R. 27 - By Montford: Memorial resolution for J. L. Irish.
S.R. 28 - By Montford: Memorial resolution for H. A. "Hap" Padgett, Jr.

WELCOME AND CONGRATULATORY RESOLUTIONS

- S.R. 6 - By Doggett: Extending congratulations to Mr. Jack Porter.
S.R. 10 - By Doggett: Commending Mr. Bernard Goss.
S.R. 11 - By Doggett: Extending congratulations to Ken Manning.
S.R. 16 - By Doggett: Commending Mr. and Mrs. Dick DeLoof.
S.R. 18 - By Williams: Commending Martha Wright.
S.R. 29 - By Montford: Commending Clem B. Boverie.
S.R. 30 - By Brooks: Extending welcome to Dr. Robert E. Sullivan, Jr.

ADJOURNMENT

The President announced the purpose of the Joint Session had been accomplished and declared the Senate at 11:33 o'clock a.m. would stand adjourned until 9:30 o'clock a.m. tomorrow in accordance with a motion previously adopted in the Senate.

APPENDIX

Sent to Governor
(June 5, 1984)

S.C.R. 1

In Memory**of****Lindley Garrison Beckworth**

Senator Howard offered the following resolution:

SENATE CONCURRENT RESOLUTION 4

WHEREAS, The State of Texas mourns the death of revered elder statesman Lindley Garrison Beckworth who died March 9, 1984; and

WHEREAS, As a Texas State Legislator and United States Congressman, he spent his entire life dedicated to a better community, better state, and better nation, and the example he set is a pattern for all to follow, for he made the world a better place in which to live; and

WHEREAS, A native son of Texas, Senator Beckworth was born June 30, 1913, in Kaufman County; and

WHEREAS, Elected to the Texas House of Representatives at the age of 23, Senator Beckworth served his Kaufman County constituency loyally and ably before being elected to the United States House of Representatives in 1928; and

WHEREAS, As a Congressman, Senator Beckworth distinguished himself with his dedication to the people and interests of the Third District; during his last 10 years in Congress he missed only 10 roll call votes; and

WHEREAS, In 1966 he was appointed by President Johnson as a Customs Court Judge in New York, but by 1969 Senator Beckworth had returned to his beloved East Texas to practice law; and

WHEREAS, A member of the Texas State Senate from 1972-1974, Senator Beckworth was instrumental in the establishment of the East Texas State Chest Hospital from Camp Fannin at Owentown; he also helped promote and establish The University of Texas Health Center in Tyler and The University of Texas at Tyler; and

WHEREAS, A member of the First Baptist Church in Gladewater, Senator Beckworth was a 32nd degree Mason, a Shriner, and a member of the Gregg County Bar Association, the Northeast Texas Bar Association, the American Bar Association, and the Texas State Bar Association; and

WHEREAS, This outstanding gentleman will be sorely missed by all those who lived and worked with him; now, therefore, be it

RESOLVED by the 68th Legislature of the State of Texas, That tribute be paid to the life of service and dedication of Lindley Garrison Beckworth and that deep condolences be extended to the members of his family on their grievous loss: his wife, Eloise Carter Beckworth; his children, John Barney Beckworth, Linda Beckworth Wiley, Carter Otis Beckworth, and Lindley Garrison Beckworth, Jr.; his nine grandchildren; his mother-in-law, Mrs. Barney Carter; and his brothers-in-law, Judge Jim Weatherby and Pat Smith; and, be it further

RESOLVED, That copies of this Resolution be prepared for the members of his family as an expression of sympathy from the Texas Legislature, and that when the Legislature adjourns this day it do so in memory of the Honorable Lindley Garrison Beckworth.

The resolution was read.

On motion of Senator Jones and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

On motion of Senator Howard and by unanimous consent, the resolution was considered immediately and was adopted by a rising vote of the Senate.

THIRD DAY

(Wednesday, June 6, 1984)

The Senate met at 9:30 o'clock a.m., pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Blake, Brooks, Brown, Caperton, Doggett, Edwards, Farabee, Harris, Henderson, Howard, Jones, Kothmann, Leedom, Lyon, Mauzy, McFarland, Montford, Parker, Parmer, Santiesteban, Sarpalius, Sharp, Sims, Traeger, Truan, Uribe, Vale, Washington, Williams.

Absent-excused: Glasgow, Whitmire.

A quorum was announced present.

The Reverend Dr. Browning Ware, First Baptist Church, Austin, Texas, offered the invocation as follows:

Forty years ago today Texans, with other Americans, were on the beaches of Normandy. One hundred and forty years ago today Americans who called themselves Texans were in the last months of General Sam Houston's five years presiding over the Republic of Texas. In his last remarks, which were made in December one hundred and forty years ago, the good general said, "The prospects of the Republic are brightening, its resources developing, its commerce extending, and its moral influence in the community of nations increasing." And his last remarks included, "my countrymen, give to the rising generation instruction, establish schools everywhere among you." Let us pray.

Our eternal God and Creator and Protector, we ask assistance to use our money with Texanic intelligence and our intelligence with Godly wisdom. In Your Name we pray. Amen.

On motion of Senator Mauzy and by unanimous consent, the reading of the Journal of the proceedings of yesterday was dispensed with and the Journal was approved.

LEAVES OF ABSENCE

Senator Glasgow was granted leave of absence for today on account of important business on motion of Senator Edwards.

Senator Whitmire was granted leave of absence for today on account of important business on motion of Senator Williams.